Roles of decent work in poverty eradication

Decent work is a necessary condition to eradicate poverty

Poverty eradication requires creation of decent work and access of the deprived to income opportunities

- US$ 600 billion a year, or about 8% of global GDP, to eradicate extreme poverty (less than US$ 1.90 PPP) and moderate poverty (between US$ 1.90 and US$ 3.10 PPP) globally
- An estimated 214 million workers, or 6.4% of the employed, were living in extreme poverty in 2022
- Nearly two-thirds of all the working extreme poor are in agriculture
- Unequal labour income distribution

8% of the global GDP is required to eradicate extreme and moderate poverty globally

214m workers lived in extreme poverty in 2022

92% of labour income accrue to the upper half of workers
Social protection expenditure, poverty and inequality

Figure 1: Social protection expenditure (percentage of GDP) and proportion of the population in poverty

Notes: $R^2 = 0.5326$.
Sources: Social protection expenditure: Based on data from IMF, OECD, Eurostat, ILO, CEPALSTAT, ADB and national sources. Poverty headcount: World Bank, World Development Indicators [accessed April 2013].

Figure 2: Social protection expenditure (per cent of GDP) and income equality (Gini coefficient), latest year

Note: $R^2 = 0.3893$.
Challenging labour market conditions to eradicate poverty

Slowing global employment growth

- The global economic growth rate: 2.1% for 2023, and 2.4% next year, according to the World Bank
- Employment growth rate: 1.0% in 2023, down from 2.3% in 2022
- Jobs recovery in 2022 was mainly driven by informal employment. Around 2 billion workers in informal employment
- Cost-of-living crisis directly affects low-income households
- Negative real wage growth in 2020-2021

- Labour participation rate of women at 47.4% in 2022, 72.3% for men
- 23.5% of the youth (age 15-24) not in education, employment or training (NEET)
Pathways foreword

Maintain purchasing power of wages, create more income opportunities

- Adjust the minimum wages and encourage collective bargaining
- Invest in productivity of labour surplus sectors and create more income opportunities for low-skilled workers

Address gender inequality

- Globally, women’s share in labour income is 51% of men due to lower labour participation of women and gender pay gaps
- Address unequal distribution of power and asset in economy and society, unequal value and distribution of paid and unpaid work

Address informality and expand tax base

- Formalisation of the economy and employment via tax reforms, digitalisation of payments, capacity-building of micro enterprises etc.
- Expand the fiscal space for public investment in poverty eradication

Cost-effective investment in human capital

- Enhance job-relevance and employment outcome of education
- Revitalise vocational and professional education and training
- Tap the training capacity of the private sector by promoting work-based learning